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Childcare availability, fertility and female labor force participation in Japan



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ABSTRACT

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This paper seeks to address the problems of childcare scarcity, declining fertility rates and work-family conflict faced by the growing female labor force in Japan. Japan's total fertility rate has been declining since the 1970s and it fell below the replacement level of 1.3 in 2003. Since the 1990s, the Japanese government has implemented pro-natal policies such as childcare market deregulation, childcare center expansion in the Angel Plan and New Angel Plan, and provision of childbirth grants. However, these policies have failed to encourage childbirth. With rising labor force participation among Japanese women, the insufficiency of existing childcare center capacity to accommodate children of working mothers has resulted in the problem of wait-listed children. In addition, the failure of childcare centers to mitigate the conflict between women's work and child raising duties has discouraged women from child-bearing. The purpose of this study is to examine the relationship and causality between childcare availability (CA), female labor force participation rate (LFPR) and fertility (TFR) in Japan for the period 1971–2009. A bounds test approach to cointegration establishes the existence of long-run equilibrium relations between CA, TFR and LFPR. Applying the Granger causality method, our results show the absence of Granger-causality running from childcare availability to fertility among females aged 30–39. In the long run, our results show that having more children at home does not discourage the female labor force participation. In addition, we find no evidence which suggests that working women tend to have fewer children. Overall, this study suggests the importance

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1. Introduction

Japan's total fertility rate, defined as the total age-specific birth rates of women in the reproductive ages of 15–49 has been declining since 1970s and it fell below the replacement level of 1.3 in 2003 (Ministry of Internal Affairs and Communication, 2010). With sustained fertility decline and an aging population, Japanese policy maker's priority is to boost fertility to avoid low employment and output. To counteract against falling fertility rates and to bolster Japan's economic productivity, the Japanese government implemented the Angel Plan (1994–1998) and the New Angel Plan (1999–2003). Through these initiatives, the Japanese government's attempts to strengthen family support include: expansion of capacity in childcare centers, provision of extended opening hours of childcare centers, temporary or drop-in care for sick infants and after-school day care programs (Palley and Usui, 2008). However, regardless of the government's initiatives since the 1990s, Japan's fertility rate still declined.

In Japan, the culture of long work hours is forcing women to trade-off between securing a good job and having a family. As an employee, women who aspire to climb the corporate ladder are expected to work 10–15 h days daily. Therefore, if they leave work to do familial duties such as fetching their children from childcare or preparing meals during office hours, they will be penalized (Boling, 2008). Japanese employment practice makes it difficult to foster continuous maternal employment. This is because under the seniority-based wage system, women hired in the career track will incur substantial monetary and opportunity cost if they change employers after childbirth (Date and Shimizutani, 2007). Women become relegated to part-time employment after child birth. According to a ministry survey of 42,000 firms in 2002, women constitute nearly 80% of part-time workers in Japan (Shimizu, 2003). In addition to underutilization of human capital, the concentration of maternal employment in part-time jobs that entails low-pay and low-social status widens the wage gap between males and females in Japan (Usui, 2005 as cited in Palley and Usui, 2008).

While rising female labor force participation among Japanese women was cited as a cause for reduced fertility rates, an examination of the literature reveals that a bi-directional causal relationship exists between fertility and female labor force participation. Another commonly cited cause of low fertility rates in Japan was the scarcity of childcare centers. However, there has been a lack of research that examines the effects of childcare availability on female labor force participation. While most research on childcare and female employment has examined the effects of childcare costs and subsidies, only a few studies have examined the effects of childcare availability on female labor force participation. The purpose of this study is to examine the relationship and causality between childcare availability, fertility and age-specific female labor force participation rates in Japan for the period 1971–2009. In terms of childcare availability, this study focuses on childcare centers for the working class instead of kindergartens and nurseries. This is because kindergartens in Japan operate under the assumption that childcare responsibility remains primarily with the stay-at-home mother. Unlike kindergartens, childcare centers operate longer hours throughout the year to cater for working parents' needs (Palley and Usui, 2008).

This study differs from the extant literature in two important ways. First of all, this study expands on the scant literature that examines the non-monetary aspects on childcare and its effects on female labor force participation and fertility. In addition, age-specific female labor force participation rates in Japan have been examined. Secondly, the treatment of the data series is both comprehensive and unique. Given the long span of our sample, it is important to investigate the case structural breaks

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